

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1704-02
Bill No.: SB 665
Subject: Health Care; Insurance - Medical; Medical Procedures and Personnel
Type: Original
Date: March 17, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Insurance Dedicated Fund	\$8,000	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$8,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

* Revenues and expenses Unknown exceeding \$100,000 and net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation does not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of this proposal on the MHP.

Officials from the **Department of Transportation (DOT)** state since Section 104.801 only requires mandated coverage and the legislation does not mandate coverage, this proposal does not require the Medical Plan to change the restriction for treatment of obesity and, therefore, will have no fiscal impact on the Highway & Patrol Medical Plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this proposal requires plans, as of August 28, 2003, to provide coverage for the treatment of overweight and obesity under those terms and conditions as may be agreed upon between the group subscriber and the plan. This

ASSUMPTION (continued)

proposal also allows insurance companies to have a lifetime cap of one weight reduction program. Currently, the HCP plans provide coverage for obesity when medically necessary, including surgery, food supplements, behavior modification programs and diet planning services. Therefore, the proposal does not fiscally impact the HCP.

Officials from the **Department of Insurance (INS)** states the department estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the INS for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments and review, the INS will need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the DMS contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The managed care health plans are subject to the proposed legislation; therefore, there is a fiscal impact to the DMS. The managed care capitated rates will increase due to the added service at an unknown cost. The actuarial consultant for DMS would renegotiate the current contracts with the managed care health plans at an estimated cost of \$100,000. Negotiation would have to be prepared and sent to all managed care enrollees at an estimated cost of greater than \$100,000.

If the service proposed in the new legislation is not a Medicaid state plan service, only the recipients enrolled in managed care would receive the service. There would be no federal financial participation. In order to receive federal financial participation, the service would need to be included in the Medicaid state plan and therefore, services would be provided to all Medicaid recipients. State Fair Hearings will also increase, adding additional costs for administration at an unknown cost.

The DMS assumes that any changes made to Section 376, RSMo, applies to Medicaid. If this is not the intent of the legislation, a specific exclusion needs to be considered in the legislation.

The estimated fiscal impact to the DMS is unknown greater than \$100,000.

This proposal will increase Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Increase in program payments	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Policy form filing fees	\$8,000	\$0	\$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	\$8,000	\$0	\$0
FEDERAL FUNDS			
<u>Income - Department of Social Services</u>			
Increase in program reimbursements	Unknown exceeding \$100,000	Unknown exceeding \$100,000	Unknown exceeding \$100,000
<u>Costs - Department of Social Services</u>			
Increase in program reimbursements	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
ESTIMATED NET EFFECT ON FEDERAL FUNDS*	\$0	\$0	\$0
* Revenues and expenditures Unknown exceeding \$100,000 and net to \$0.			
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent they may incur additional health insurance costs due to the requirements of this proposal.

DESCRIPTION

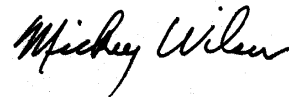
This proposal requires health insurance policies to cover treatment for overweight and obese persons. A new section 376.784 is created and requires all health insurance plans to notify policyholders of the availability of such coverage. The coverage will be limited to a lifetime cap of one weight reduction program. However, this limitation will not apply to any immediate or life-threatening treatment.

Nothing in this section will restrict any existing coverage or allow limits on the coverage for overweight and obese persons to access medically necessary and appropriate treatments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Department of Social Services
Department of Public Safety -
 Missouri Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation



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